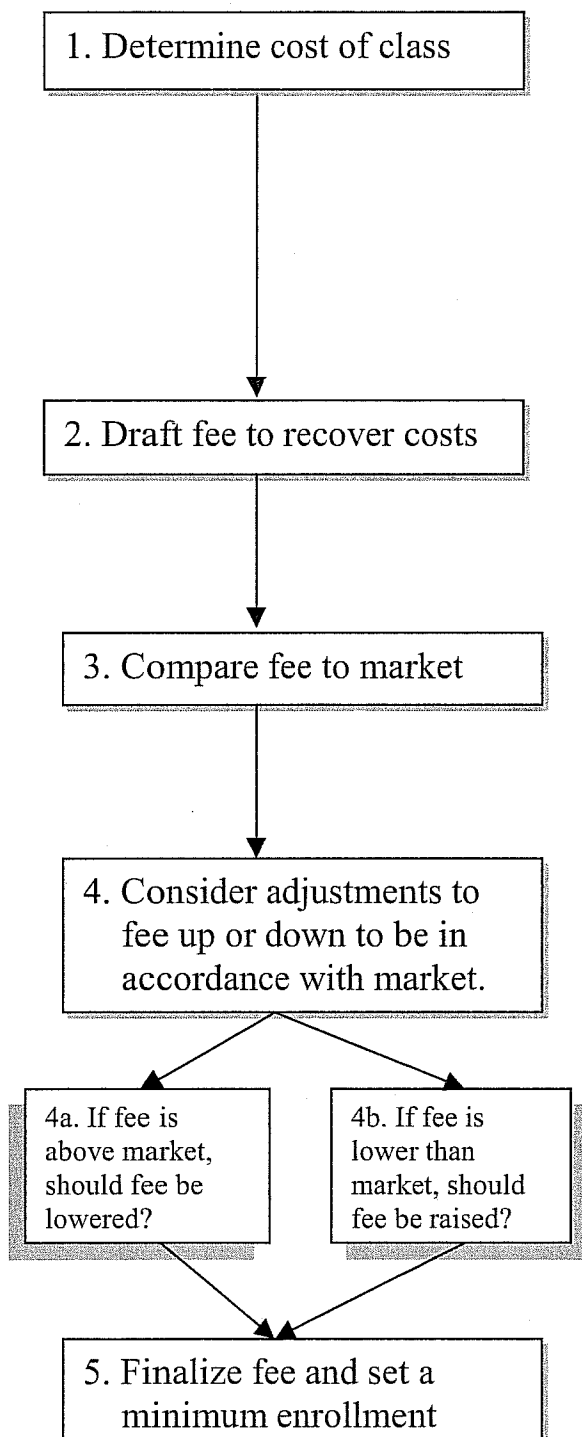


## How It Works: Our Basic Model for Setting Fees



### 1. Determine cost of class. Need to consider (not all inclusive):

- paid or volunteer staff
- total time activity/service is provided
- contracting costs
- materials
- amount of supervision needed (instructor to participant ratios)
- facility needed, and any facility costs such as utilities
- economies gained or lost due to scheduling (ability to use same instructor and/or set-up, etc)
- On or off site (City or non-City property/facility). Off site contractors, such as an ice rink or private facility, may have a standard % fee for using their site.
- Risk/liability of activity
- Overhead costs
- Cost of inflation

### 2. Draft initial fee that would recover costs as determined above.

- Divide costs by expected minimum registration.
- Consider if facility size and/or nature of experience would limit registration to a certain number.

### 3. Compare fee to market. Consider:

- Competitive market rates. Survey other providers (cities, businesses, etc.).
- Current or previous pricing by City, with equity and relationships to other fees
- What will the market bear (how high can a fee be set).
- Demand management (popularity, availability, added value, etc).

### 4. Consider adjustments to fee up or down

- Is a City subsidy appropriate and available from other sources?
- Does the target market have special needs?
- What is the ability or willingness to pay for this type of activity likely to be?
- Are there other below-market rate options available for this type of activity?
- Can change fee to purposely increase or decrease participation.
- Participation/enrollment minimums can be adjusted to allow a lower or higher fee.
- Do not automatically reduce a fee if the market survey shows it is higher than surrounding market. Consider what other factors may support the fee being higher than the market survey suggests.
- Would fee put us in competition (unfair) with the private sector?
- Who is actually paying the fee (e.g., parent is likely paying for swim lessons and pre-school age programs)?
- Can the activity be redesigned to lower costs?

### 5. Finalize fee and set a minimum enrollment.

- Determine fee differential for non-residents (base line is 20% higher for non-residents).
- Consider sale or promotional pricing including an initial or start up fee.
- Consider ease of collecting a fee (i.e. avoid making change for drop in activities).
- Consider rounding off a fee or avoiding specific dollar amounts (i.e. much more public acceptance to pay \$29 instead of \$30).